

Message Text

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NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 OES-06 IO-13 HEW-04

DHA-02 STR-04 EA-07 ACDA-07 MC-02 IGA-02 /131 W

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FM AMEMBASSY LIMA

TO SECSTATE WASHDC 2018

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EO 11652: NA

TAGS: EGEN, PFOR, PE

SUBJ: PRESIDENT'S SEPTEMBER 24 SPEECH - TRYING TO RETAIN

THIRD WORLD AND REVOLUTIONARY CREDENTIALS

1. SUMMARY: PRESIDENT FRANCISCO MORALES BERMUDEZ TOOK OPPORTUNITY OF ADDRESS TO THE CHIEFS OF MISSIONS ACCREDITED TO PERU TO CRITICIZE IN VEHEMENT TONES THE EXISTING WORLD ECONOMIC ORDER AND TO JUSTIFY PERU'S RECENT ACTIONS (MARCONA SETTLEMENT AND NEGOTIATION OF LOAN FROM WESTERN BANKING COMMUNITY) WHICH MIGHT APPEAR TO CONTRADICT GOP'S PUBLIC STATEMENTS HERALDING ITS AUTONOMY. THE PRESIDENT'S SPEECH WAS AN OBVIOUS ATTEMPT TO RECONCILE THE GOP'S INTEREST IN MAINTAINING ITS THIRD WORLD CREDENTIALS WITH ITS NEED TO OBTAIN LARGE-SCALE FINANCING FROM TRADITIONAL WESTERN SOURCES. END SUMMARY.

2. ON SEPTEMBER 24 PERUVIAN PRESIDENT FRANCISCO MORALES BERMUDEZ ADDRESSED THE CHIEFS OF MISSION ACCREDITED TO THE GOVERNMENT OF PERU AT A DINNER GIVEN IN HIS HONOR BY THE RESIDENT DIPLOMATIC CORPS. IN HIS INTRODUCTORY REMARKS THE PRESIDENT SAID HE WAS TAKING THE OCCASION

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TO GIVE HIS PERSONAL VIEWS REGARDING THE INTERNATIONAL

FRAMEWORK WITHIN WHICH THE SECOND PHASE OF THE PERUVIAN REVOLUTION WAS DEVELOPING. HIS ANNOUNCED PURPOSE WAS TO "ENRICH" THE "CONTINUOUS PROCESS OF FRIENDSHIP AND LOYAL UNDERSTANDING" WHICH EXISTS BETWEEN THE REVOLUTIONARY GOVERNMENT AND THE GOVERNMENTS REPRESENTED BY THE ASSEMBLED DIPLOMATS. THE BULK OF HIS REMARKS, WHICH HE DELIVERED WITH VIGOR, CONSTITUTED STRONG CRITICISM OF THE EXISTING INTERNATIONAL ECONOMIC ORDER.

3. REFERRING TO THE INCREASING INTERDEPENDENCE OF NATIONS, MORALES BERMUDEZ CLAIMED THAT THE INTELLECTUAL BASE UNDERLYING THE EXISTING ECONOMIC SYSTEM HAD FOSTERED THE ERRONEOUS BELIEF IN UNLIMITED PROGRESS BY INDIVIDUAL NATIONS WITHOUT CONSIDERATION EITHER FOR BALANCED DEVELOPMENT OF ALL PEOPLES OR THE EARTH'S ECOLOGY. THIS "UNILATERAL FOCUS" HAD ONLY SERVED "TO LEGITIMIZE AN INTERNATIONAL SOCIETY WHICH HAD BECOME OLIGARCHIC WITH POLITICAL, ECONOMIC, MILITARY, AND SCIENTIFIC POWER CONCENTRATED IN A FEW STATES" AND WHICH "PERMITTED HIGH CONSUMPTION, OPULENT SOCIETIES TO COEXIST NEXT TO THE GREAT MAJORITY OF THE WORLD POPULATION WHICH HAS LEVELS OF CONSUMPTION THAT ARE INCOMPATIBLE WITH HUMAN DIGNITY."

4. ACCORDING TO THE PRESIDENT, THE PERUVIAN REVOLUTIONARY PROCESS ORIGINATED AGAINST THIS HARSH REALITY AS AN INTEGRAL PART OF A CURRENT HISTORY OF LIBERATING REVOLUTIONARY PROCESSES WHICH QUESTION THE OLD INTERNAL AND INTERNATIONAL ORDER. MORALES BERMUDEZ ALSO CLAIMED THAT THE REVOLUTIONARY GOVERNMENT HAD NOT ONLY CONTRIBUTED TO CALLING FOR A NEW INTERNATIONAL ECONOMIC ORDER, BUT HAD, BY DISCARDING ITS OWN OBSOLETE INTERNAL STRUCTURE, ASSISTED ITS PEOPLE AND OTHERS WHO SUFFER FROM THE EXISTING ECONOMIC AND SOCIAL IMBALANCE. HOWEVER, DESPITE THESE CHANGES AND CORRECTIONS, THE IMBALANCE OF POWER BETWEEN THE DEVELOPED AND DEVELOPING COUNTRIES WAS SUCH THAT THE DEVELOPING COUNTRIES HAVE HAD NO CONTROL OVER THE EXISTING INTERNATIONAL ECONOMIC SYSTEM.

5. HAVING SET THE STAGE WITH THIS DESCRIPTION OF THE EXISTING WORLD ECONOMIC SCENE, MORALES BERMUDEZ ATTEMPTED LIMITED OFFICIAL USE

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TO JUSTIFY RECENT GOP ACTIONS TO MEET HIS COUNTRY'S ECONOMIC PROBLEMS. THE PRESIDENT SAID THAT IF THE MEASURES ADOPTED BY HIS GOVERNMENT SEEM TO BE SIMILAR TO WHAT ARE NORMALLY CLASSIFIED AS ORTHODOX ECONOMIC MEASURES, THE FACT THAT THEY ARE BEING APPLIED WITHIN A PROCESS OF STRUCTURAL CHANGES MEANS THAT THESE MEASURES WILL HAVE CHARACTERISTICS AND EFFECTS DISTINCT FROM WHAT THEY WOULD HAVE IF APPLIED IN THE TRADITIONAL

SYSTEM. "THE MEASURES ARE NOT TAKEN AGAINST THE STRUCTURAL CHANGES, BUT RATHER ON THE BASE OF THOSE CHANGES AND ALSO ON THE BASE OF AN EFFECTIVE PARTICIPATION OF AN IMPORTANT SECTOR OF THE POPULATION." THUS, ACCORDING TO THE PRESIDENT, NEITHER THE HUMANISTIC, LIBERATING, AUTONOMOUS AND NATIONALISTIC ESSENCE OF THE REVOLUTIONARY PROCESS NOR PERU'S SOVEREIGN AND INDEPENDENT INTERNATIONAL POLICY OF NON-ALIGNMENT WITH THE WORLD'S POWER CENTERS WOULD BE (ADVERSELY) AFFECTED.

6. HOWEVER, THE PRESIDENT WENT ON TO SAY, SOME SECTORS OF THE INTERNATIONAL PRESS HAD INTERPRETED THE MEASURES TAKEN BY THE GOP AS REGRESSIVE AND DETRIMENTAL TO THE ESSENCE AND DIRECTION OF THE REVOLUTIONARY PROCESS. ACCORDING TO MORALES BERMUDEZ, THESE ELEMENTS OF THE PRESS SEEMED TO CONSIDER PERU AS A SPECIAL CASE, AS IF THE AUSTERITY MEASURES AND VREDIT OPERATIONS UNDERTAKEN BY THE GOP WERE DIFFERENT FROM THE USUAL MEASURES USED BY DEVELOPING AND DEVELOPED COUNTRIES ALIKE. THE PRESIDENT LAMENTED THAT SUCH ARTICLES AND COMMENTARIES DEMONSTRATED A LACK OF PERCEPTION OF A "SOCIETY IN TRANSITION" (READ PERU) WHERE, DESPITE STRUCTURAL REFORMS, THE ECONOMY "MAINTAINS IMPORTANT MARKET ECONOMY MECHANISMS."

7. THE PRESIDENT INDICATED THAT, WITHIN THE OBJECTIVES OF THE PERUVIAN GOVERNMENT TO CHANGE THE STRUCTURE OF THE PERUVIAN ECONOMY, FOREIGN INVESTMENT CAN PLAY AN IMPORTANT ROLE IF IT CAN MAKE ITS NORMAL GOAL OF EARNING PROFIT COMPATIBLE WITH PURPOSES OF PERU'S DEVELOPMENT PLAN AND ITS LAWS.

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8. THE PRESIDENT ALSO REPEATED PERU'S CONTINUED SUPPORT FOR LATIN AMERICAN INTEGRATION AND THE OBJECTIVE OF THE REVOLUTION'S SECOND PHASE TO STRENGTHEN THE ANDEAN PACT. RELATED TO THE GOP'S EFFORTS IN SUPPORT OF LATIN AMERICAN INTEGRATION, THE PRESIDENT ALSO CALLED ATTENTION TO PERU'S INITIATIVES IN THE FIELD OF ARMS CONTROL WITHIN THE REGION.

9. COMMENT: A) ALTHOUGH THE PRESIDENT DID NOT MENTION THE MARCONA SETTLEMENT EXPLICITLY AND HE ONLY REFERRED INDIRECTLY TO THE NEGOTIATIONS WITH U.S., WESTERN EUROPEAN, AND JAPANESE BANKS FOR FINANCING OF PERU'S BALANCE OF PAYMENTS DEFICIT, HE CLEARLY WAS ATTEMPTING TO REFUTE ALLEGATIONS MADE IN THE INTERNATIONAL PRESS OVER THE LAST TWO MONTHS THAT PERU'S ACTIONS IN THESE AREAS SIGNALLED THE END OF THE REVOLUTION. (IT IS ALSO POSSIBLE THAT MORALES BERMUDEZ WAS RESPONDING TO CRITICISM FROM WITHIN THE ARMY OR HIS OWN CABINET, BUT THERE IS NO EVIDENCE YET OF SUCH CRITICISM BEING EXPRESSED. IN FACT, PRIVATE COMMENTS REGARDING THE MARCONA SETTLEMENT IN PARTICULAR HAVE BEEN UNIFORMLY LIMITED OFFICIAL USE

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FAVORABLE.) ACCORDING TO MORALES BERMUDEZ, THE REVOLUTION MAY HAVE TO OPERATE, AT LEAST AT PRESENT, WITHIN THE FRAMEWORK OF THE EXISTING, IF UNJUST, ECONOMIC ORDER, BUT DESPITE THAT CONSTRAINT THE REVOLUTION IS VERY MUCH ALIVE. B) THE PRESIDENT'S REMARKS ON PERU'S INTEREST IN REGIONAL ARMS CONTROL WILL MOST LIKELY FALL ON DEAF EARS IN LIGHT OF PERU'S NEIGHBORS' CONCERNS OVER AIRCRAFT PURCHASES. END COMMENT.

10. COPY OF PRESIDENT'S SPEECH BEING POUCHED ARA/AND-FULLER.
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